



BRIDGE
CONSULTING

MONEY LAUNDERING
REPORTING OFFICER SERVICE





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Money Laundering Reporting Officer (MLRO) Service

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1 Introduction

Bridge Consulting provides a range of specialist regulatory compliance, risk, corporate governance and consulting support services to a substantial global client base which includes investment managers, regulated fund structures and fund service providers.

Bridge's approach is to apply real world knowledge and experience to assist clients in developing and implementing practical solutions to meet their requirements. Our experienced team has developed a deep technical expertise across our range of services which is combined with a strong attention to detail and focus on maintaining consistently high levels of client service.



2 Our Services

Bridge Consulting provides a range of specialist compliance and risk related services.

- / **Fund Structuring Advisory Service**
- / **AIFMD/UCITS Designated Individual Services**
- / **Bridge Fund Management Limited** (Manco Solution)
- / **Risk and Valuation Services**
- / **Accounting Service/Fund Liquidation Service**
- / **Operational Support**
 - ↳ (Secondment of Compliance and Risk Specialists)
- / **Irish Facilities Agent**
- / **Fund Registration**
- / **Money Laundering Reporting Officer/AML**
- / **MiFID Compliance Support Service**
- / **Compliance Help Desk**
- / **Operational Due Diligence**
- / **Non-Executive Director Selection**



Based on our team's extensive experience working with a wide range of leading global Investment management and fund service providers, we provide a comprehensive range of services. Our focus is on developing a strong working relationship with clients to ensure they consistently receive the support required to effectively meet their compliance and risk requirements.

The composition of a Fund Board is a critical component of a successful fund structure. Bridge will assist in sourcing appropriate non-executive directors in order to identify the optimum solution and to meet client's regulatory requirements.



3 Advantages of Working with a Specialist Regulatory Compliance and Risk Firm

Bridge is committed to finding the correct solution for its clients. To this end Bridge will assess the nature and extent of the resources available to prospective promoters and management companies. Bridge will assist its clients in identifying the optimum solution.

In an era where Fund Directors and Investment Managers are subject to escalating regulatory compliance requirements, appointing a specialist risk and compliance provider to provide expert support to the management company/investment manager is one effective solution to ensuring regulatory compliance obligations are met on an ongoing basis.

Currently Bridge employees have been appointed with the Central Bank of Ireland to act as MLRO for in excess of 70 separate fund clients. Our experience includes providing MLRO services to a variety of fund and investor types, including products with Asian investors and asset managers. Our MLRO team undertakes annual onsite reviews of all the Administration firms based in Ireland giving us a unique insight in to best market practice and developing market/regulatory trends. Our team has worked closely with the Central Bank of Ireland through recent Thematic AML Reviews on a number of Funds. Our position gives our clients comfort that appropriate AML structures are in place for their products.

- / Provides a highly experienced support team to board directors
- / Provision of advice to a fund's board of directors which includes recommendations and managing implementation of action items
- / Ongoing active management and support for the implementation of regulatory changes
- / Ability to manage all regulatory contacts if required



4 Money Laundering Reporting Officer (MLRO) Service

RESPONSIBILITIES OF THE MLRO

The Central Bank of Ireland requires that Irish domiciled funds/management company's appoint an MLRO

- / As set out in the regulations governing the role of the MLRO, the MLRO is the escalation point for transactions that are deemed to be potentially suspicious, and which may require a Suspicious Transaction Report
- / Assessment of potentially suspicious investor transactions which have been escalated, to determine if there is any requirement to report a particular transaction to:
 - Garda Bureau of Fraud and Investigation and
 - Irish Revenue Commissioners
- / If applicable, reporting of the transaction to the relevant authorities
- / Maintenance of a documented process for the reporting of suspicious transactions and a log of such incidents



ROLE OF THE MLRO

The role of the MLRO has evolved greatly in recent years due to the additional regulatory requirements placed on the holder of the role by the Central Bank of Ireland. The role now involves full oversight of the Fund's AML/KYC process to ensure compliance with regulatory requirements, which includes the following:

- / Preparation, maintenance and ownership of the AML Policy document for the Fund, including the Fund level risk assessment.
- / Point of escalation for all AML issues. The MLRO will maintain ongoing communication with clients and the Board of Directors on the development and resolution of all issues.
- / Point of escalation for suspicious activity reporting from any party; review of suspicious transactions; reporting to / co-ordination with the relevant authorities where required.
- / Maintenance of the funds suspicious transactions log.
- / Point of escalation for hits from on-going screening of Share Registers against watch lists.
- / Point of escalation for PEP hits.
- / Work with the Administrator to ensure an appropriate AML framework is in place for your product.
- / Undertake a detailed on-site assessment of the AML controls, procedures and systems of the Administrator (on appointment and at least annually thereafter).
- / The annual on-site review process includes both a review of the AML policies and procedures and sample checking the Share Register of your Fund to ensure the existence of appropriate AML documentation.
- / Establishing procedures to ensure the MLRO receives detailed monthly reports from the Fund's Administrator.
- / Review and escalation to the Board of Directors of non-compliant investor accounts.
- / Preparation and presentation of quarterly MLRO report to the Board of Directors.
- / Liaison point for the Central Bank in respect to any fund issues or inspections.
- / Co-ordination of Central Bank thematic AML Reviews on behalf of the Fund.
- / Review of changes in regulatory requirements and/or policy and the provision of updates to client and the Board of Directors.

Board of Directors Responsibility and Oversight of AML Controls

Ultimate responsibility in relation to the effective operation of a fund/management company's AML controls rests with the Board of Directors. Fund/management company Board's outsource the day-to-day operation of the AML controls to the Administrator with the appointed MLRO maintaining an oversight responsibility to ensure that the Board of Directors are meeting their regulatory obligations.

A Board can satisfy their regulatory obligations on an ongoing basis as set out below:

- / Review of the quarterly reporting produced by the Administrator
- / Review of quarterly reporting from the MLRO
- / Review of the annual on-site report completed by the MLRO
- / Review of annual certifications required from the Administrator
 - / e.g. ISAE3402 or equivalent
- / Review of any independent reports on the Administrator's AML process
- / Completion of annual training covering AML/CTF process
- / Completion of an annual review of the fund/management company's AML process
- / Maintenance of the AML Policy document which is reviewed at least annually

OVERSIGHT OF THE AML/KYC PROCESS

Review of monthly and/or quarterly reporting provided by the Administrator



Follow up on older non-compliant accounts or non-standard matters



Review of quarterly board reporting



Preparation and presentation of a report to the Board which highlights any exceptions of note and which may require a confirmation of board policy



Completion of an annual review of processes, which includes a sample test of investor files, to ensure that the board is meeting its regulatory obligations*

**The updated legislation notes that the Board of Directors is responsible for ensuring that there is an effective process in place to prevent both Money Laundering and Terrorist Financing.*



Annual Training

- / In ongoing themed inspections the Central Bank has drawn attention to Section 54 (6) of the Criminal Justice Act 2010 ('CJA2010') which is the requirement for the Company and Fund (including the Board) to undergo annual training and understand the requirements of the legislation.
- / The MLRO prepares and conducts annual training for the Board in respect of the requirements of the CJA 2010.
- / The MLRO maintains a log of annual training in order that the Board can demonstrate that this requirement has been satisfied.
- / The MLRO acts as a liaison for any Central Bank fund specific reviews.
- / Annual refresher training is tailored to the needs of the board.

Sample AML training material is available upon request.





Regulatory Environment

- / Criminal Justice (Money Laundering and Terrorist Financing) Act 2010
- / Core Guidance Notes
- / Sectoral Guidance Notes
- / Criminal Justice Act 2013

The Criminal Justice (Terrorist Offences) Amendment Act 2015

Regulatory Developments

- / EU 4th Anti Money Laundering Directive due to be transposed into Irish law by June 2017.
- / Ireland as a jurisdiction is subject to a mutual evaluation review by FATF in 2016



Central Bank Communication to Funds and Fund Service Providers

In November 2015, the Central Bank published its findings relation to AML/CFT and Financial Sanction Screening compliance by Funds and Fund Services providers in Ireland. Key findings include:

- / Documented policies and procedures not being adhered to in all cases.
- / Failure to implement the requirements of the CJA 2010 and conducts an adequate Money Laundering/ Terrorist Financing risk assessment in a timely manner.
- / Deficiencies in STR policies and in the recording of these reports.
- / Lack of oversight of delegates to whom AML/CFT functions had been outsourced.
- / Failure to evidence that the Firm's board/staff had received instruction in the law relating to AML/CFT.
- / Shortcomings in relation to on-going monitoring of transactions.
- / A lack of evidence of the rationale for applying simplified due diligence.
- / Inadequate or insufficient procedures in relation to the cessation of service provision to investors.
- / Deficiencies in PEP procedures including applying enhanced due diligence requirements and senior management approval where required.
- / Not all conditions being satisfied when placing reliance on a third party in line with Section 40 (4) of the CJA 2010
- / CBI has identified that more work is required by firms in Ireland to effectively manage money laundering/terrorist financing risk and expects that Funds and their service providers work closely to safeguard against the risk of money laundering and terrorist financing



Central Bank – Communication to the Irish Banking sector

In February 2015 the Central Bank published its findings in relation to inspections carried out in the Irish banking sector:

Key points to note:

- / Continued focus on the risk assessment process and governance process
- / Role of the Board and senior management
- / Continued focus on documented policies and procedures
- / Noting of the high level nature and incomplete risk assessments
- / AML/CTF to be included in annual internal audit process and subject to annual review
- / Deficiencies in PEP process (noted continued interest in PEP identification and monitoring process)
- / Adherence to documented policies
- / Failure to give appropriate and comprehensive training to Board and committee members
- / Inadequacies of screening process
- / Governance over outsourced arrangements
- / Identification of beneficial owners



BRIDGE MLRO SERVICE
- ON BOARDING PROCESS -

Bridge Appointed

Engagement Letter executed

Bridge Engages with Service Providers

MLRO engage with service providers to the Fund/Management Company

Reporting schedule agreed and implemented with service providers

Escalation triggers agreed with service providers



5 The Bridge Team

Dedicated MLRO Team

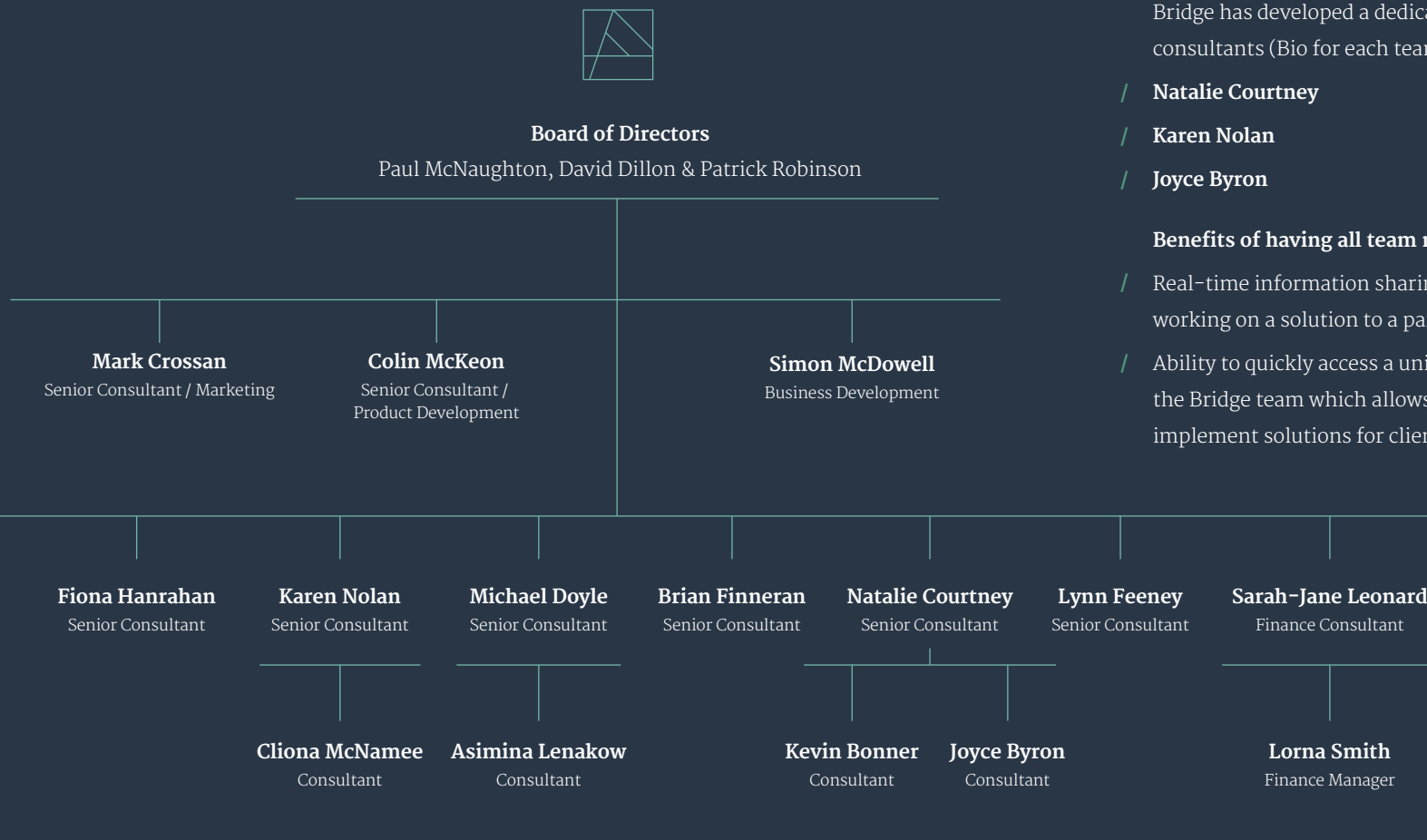
Bridge Consulting's experienced MLRO team currently provides an MLRO service to a significant number of Irish and non-Irish domiciled fund clients.

Bridge has developed a dedicated MLRO team of three experienced consultants (Bio for each team member included in Appendix I) :

- / **Natalie Courtney**
- / **Karen Nolan**
- / **Joyce Byron**

Benefits of having all team members located in a single office:

- / Real-time information sharing, team members may already be working on a solution to a particular issue for another client
- / Ability to quickly access a unique range of skills and experience within the Bridge team which allows team members to develop and implement solutions for clients



APPENDIX I

Team Biographies

Patrick Robinson



DIRECTOR

Patrick Robinson has over 15 years experience in the Asset Management and Funds Services industry. Patrick began working as a consultant with Bridge Consulting in October 2009, before becoming Chief Executive Officer in August 2014.

Patrick has an in-depth knowledge of UCITS and AIFM requirements and has project managed fund launches to include providing assistance on product development. He has established the risk, compliance and operational infrastructures of a number of asset management firms.

Patrick joined Bridge Consulting from RBS Fund Services (Ireland) Ltd. where he headed the Operations Team responsible for the supervision and oversight of a variety of managers and service providers contracted to funds managed by RBS FSI. Prior to this Patrick worked with Olympia Capital (Ireland) Ltd. where he managed the Fund Accounting Operations for an array of clients with a diverse range of alternative fund products. He holds a Masters degree in Finance and Investment from the University of Ulster.

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Natalie Courtney



HEAD OF MLRO SERVICE

Natalie Courtney is an Irish resident with over 20 years' experience in the financial services industry working in both Ireland and overseas.

Natalie has worked previously with HSBC Securities Services (Ireland) Limited, primarily in senior client facing roles, with a portfolio of alternative and traditional clients. She has also worked with SEI Investments (Global Fund Services) Dublin, Fortis Fund Services (Bahamas) Limited and Ulster Bank Investment Services in operational roles in the area of fund administration.

Natalie is an FCCA and holds a BA degree in Psychology from UCD. She was also awarded an International Diploma in Anti-Money Laundering in 2013, a Certificate in Financial Crime Prevention in 2012 and a Professional Certificate in Compliance in 2011.

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Joyce Byron



CONSULTANT

Joyce is an Irish Resident with over 8 years' experience working exclusively within the area of AML compliance. Joyce joined Bridge in February 2015 from Morgan Stanley Fund Services, a wholly owned subsidiary of Morgan Stanley. Whilst there Joyce worked in the area of AML for various European and US clients. Previously, Joyce worked with SS&C GlobeOp and Citco Fund Services Ireland, where she worked in an AML operational role in the area of Fund Administration.

Joyce holds an LLB from the University of Limerick, an LLM from Trinity College Dublin and is a Licentiate of the Association of Compliance Officers in Ireland. In addition, Joyce holds a Diploma in European Law from the Law Society of Ireland, a Diploma in Anti-Money Laundering from the ICA in conjunction with the University of Manchester and has completed the ACAMS exam. Joyce is the appointed Money Laundering Reporting Officer for a number of regulated funds. Joyce is also a member of the ACOI's Professional and Development Services Committee.

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Karen Nolan



SENIOR CONSULTANT

Karen is an accountant with over twenty years experience of fund administration, primarily in the fund accounting and financial reporting areas. Karen has previously worked with International Fund Managers (Ireland) Limited (the former Irish fund administration business of Baring Asset Management, now part of Northern Trust) and Bank of Ireland Securities Services Limited, and has also worked as an independent consultant for a number of other financial services companies in Dublin.

Karen joined Bridge as a consultant in January 2010.

Karen holds a Degree in Accounting & Finance from Dublin City University, is a Fellow of the Association of Chartered Certified Accountants and holds the Licentiate of the Association of Compliance Officers in Ireland.

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Mark Crossan



SENIOR CONSULTANT

Mark Crossan is an Irish resident and has over 28 years experience in the financial service industry, primarily in Business Development and Relationship Management. Mark recently joined Bridge in May 2016 having previously worked for Royal Bank of Canada Investor & Treasury Services for approximately 10 years. As Director of Client Coverage, Mark was responsible for developing the bank's custody and fund administration relationships with a number of strategic US clients, primarily focused on UCITS and AIFs. From 2010 to 2014 Mark was based in the UK and Canada where he carried out a similar role working with a broad range of clients including asset managers, investment banks, insurance companies, wealth managers and institutional clients such as hospitals/foundations.

Prior to RBC, Mark spent 9 years in the financial software / data solutions industry working with Linedata (formerly Global Investment Systems) and MoneyMate. He started his career in financial services spending 9 years in Irish domestic banking and life assurance.

Mark holds qualifications in both Banking and Life Assurance. He previously participated on the Irish Funds Marketing Committee (formerly Irish Funds Industry Association).

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Simon McDowell



BUSINESS DEVELOPMENT

Simon started his career as a Trainee Chartered Accountant with McFeely & McKiernan before spending time with KPMG. Following this, Simon moved into the fund administration space as Financial Reporting Controller for BISYS Fund Services in 1996 before moving on in 1998 to Cap Advisers, a US Family Office. There he was an Investment Committee Member and Vice President of Managed Funds and developed an extensive knowledge of the Hedge Fund space. In 2007 he moved to GlobalReach Securities to manage their HFOF before moving on to Enterprise Ireland where he was a Senior Advisor in the Financial Services Division.

Simon established his own investment consulting business which specialised in assisting clients operating across the alternative investment sector and a family office. Simon holds a Bachelor of Science (Mgmt.) from Trinity College, Dublin.

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For Further Information

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